The Anticompetitive Effects of the Verizon/SpectrumCo Agreements

Harold Feld, Senior Vice President Jodie Griffin, Staff Attorney



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Executive Summary

The proposed license transfers in this proceeding come part and parcel with a series of agency, resale, and Joint Operating Entity ("JOE") agreements that essentially embody the decision of two of the largest telecommunications companies in the U.S.—namely, Comcast and Verizon—to divide up the market between them and avoid direct competition—either from other broadband carriers, device manufacturers, or video providers like Netflix—for the foreseeable future. Comcast and Verizon [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL] Going forward, Verizon and Comcast [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL].

The function of the JOE as the central vehicle for the Applicants to share commercially sensitive information, jointly control foundational technologies, and engage in joint strategic decision-making is perhaps best illustrated by the Applicants' own depiction of the JOE. To quote from Comcast's own [BEGIN HIGHLY CONFIDENTIAL]

Public Knowledge

¹ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL] The JOE thus

incentivizes or requires its Members—most prominently Verizon and Comcast—to turn to the JOE to develop the next generation of improved or new voice, video, and data service offerings, rather than attempt to innovate and compete individually.

This scheme fits nicely as an extension of Comcast's strategy to divide its product offerings to maximize profits, own or control the transmission path for an increasing share of video, voice, and data flows, and make peace with rivals that might threaten Comcast's dominance in its chosen sphere.

For its part, Verizon benefits from these agreements by entrenching its dominance in the wireless service market through increased spectrum holdings and marketing services from the multiple system operator ("MSO") members and [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

The instrument that ties together Comcast and Verizon's anticompetitive plans and makes their efforts to prevent each other and third parties from meaningfully competing with certain technologies is the JOE. The JOE, while jointly controlled by [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL] is effectively controlled by [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL] on issues where their strategies coincide or they have incentive to reinforce each other. The JOE, bolstered by the agency, resale, and license purchase agreements, [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY

CONFIDENTIAL]

This scheme will impose heavy costs on the development of new technologies in the wireline and wireless space and will prevent companies from investing in offerings that find new ways to improve voice, video, and data services for consumers.



Harms to Competition

Restricting the Development of WiFi Offload

The Applicants' agreements operate together to [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL] This will cripple the development and usefulness of WiFi networks to systematically manage congestion on mobile networks. Absent the agreements at issue, the cable operators would presumably be willing to enter into WiFi offload agreements with wireless carriers like Pioneer,² or to partner with companies like Netflix that may be interested in pursuing new avenues to transmit their services to consumers.

However, the commercial agreements [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

[END HIGHLY

CONFIDENTIAL]

⁴ [BEGIN HIGHLY CONFIDENTIAL]

IEND

HIGHLY CONFIDENTIAL

⁵ [BEGIN HIGHLY CONFIDENTIAL]



² Other wireless carriers, such as T-Mobile, Sprint, and AT&T, have also shown interest in utilizing WiFi offload for wireless backhaul. See Letter from David H. Pawlik, Counsel to Sprint Nextel Corporation, to Marlene H. Dortch, Secretary, FCC, WT Docket No. 12-4 (May 25, 2012); Mike Dano, T-Mobile USA Offloads 5M Wi-Fi Callers, FIERCE WIRELESS (Feb. 16, 2011); Maisie Ramsay, AT&T Ups the Ante on Android WiFi Offload, CED MAGAZINE (Oct. 3, 2011); Phil Goldstein, AT&T Expands WiFi Offload Project, FIERCE WIRELESS (July 26, 2010).

³ [BEGIN HIGHLY CONFIDENTIAL]

But whether the cable operators [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL] Verizon Wireless benefits from decreased competition. If the cable operators become MVNOs, [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

As a result, whichever way the agreements are executed, Verizon Wireless would be able to hinder direct competitors' strategies to use WiFi technology to expand their market offerings and [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

Harming Video Competition

Individually, each of the commercial agreements work to discourage competitors from competing with the Applicants in the provision of video programming. When combined, the agreements create an environment overtly hostile to robust competition in the delivery of video content to consumers.

The JOE Agreement [BEGIN HIGHLY CONFIDENTIAL]

[END

HIGHLY CONFIDENTIAL]

⁶ [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

⁷ [BEGIN HIGHLY CONFIDENTIAL] HIGHLY CONFIDENTIAL]

⁸ [BEGIN HIGHLY CONFIDENTIAL] CONFIDENTIAL]

[END

[END HIGHLY



[END HIGHLY

CONFIDENTIAL] To the extent that Verizon Wireless develops, distributes, or markets over-the-top applications (for example, OTT video services like a Netflix partnership), Verizon Wireless cannot [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL] The interplay between the JOE Agreement and the agency agreements thus prevents video services from [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

Such video services may also encounter difficulty obtaining the intellectual property licenses necessary to build upon the functionality and features of the JOE's technology, because the MSO Members of the JOE will likely not be eager to permit direct competitors to create innovative new services that challenge the traditional MVPD model and offer consumers more convenient ways to access video programming. The threat posed by online video distributors is surely not lost on the MSO Applicants in this proceeding. Indeed, [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

But rather than invest in product innovations that respond more closely to consumer demand, [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL] the Applicants here opt coordinate with other large, nationwide firms to leverage their collective market share and shut down innovative competition.

As discussed above, the agreements also jointly thwart efforts between video programming providers and MSOs to [BEGIN HIGHLY CONFIDENTIAL]

⁹ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

¹⁰ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

¹¹ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

¹² [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

¹³ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL] More broadly, the agreements will harm the development of online video services because they remove Verizon and the MSOs' incentive to compete vigorously with strong, fast broadband networks—both wireless and wireline—that would permit users to consume their video programming through wireless or wireline broadband connections.

Discouraging Innovation Through [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

The joint agreements contain several [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY

CONFIDENTIAL] This not only increases the JOE's competitive power, but removes the Members' incentive to pursue new projects with any entity besides the JOE and its Members.

For example, [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

The [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL] reduce the Applicants' incentive to deviate from the coordinated conduct contemplated in the agreements, and raise the cost of competing for third parties that would seek to challenge the dominance of the Applicants in the relevant market.

The Commercial Agreements and License Transfer Are Inextricably Intertwined

[BEGIN HIGHLY CONFIDENTIAL]

¹⁴ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

¹⁵ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

¹⁶ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]



[END HIGHLY

CONFIDENTIAL] When asked later whether the MSOs would have been willing to sell their spectrum to Verizon without the side agreements, Comcast Executive Vice President David Cohen confirmed as much, explaining: "The transaction is an integrated transaction. There was never any discussion about selling the spectrum without having the commercial agreements." ¹⁸

But beyond the open admissions of the Applicants that these agreements are most accurately considered as parts of an integrated whole, the intricate interworkings of the agreements themselves demonstrate that these are not separate contracts. The agreements repeatedly [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL] More subtly, the incentives created by each agreements lead to important insights when predicting the likely anticompetitive harms that will result from the agreements if they are allowed to stand.

For example, if the Time Warner Cable or Bright House members [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

¹⁸ Eliza Krigman, Comcast Executive Defends Verizon-SpectrumCo Deal, POLITICO (Mar. 8, 2012). Mr. Cohen went on to note that the parties actually do not object to the Commission reviewing the side agreements. *Id.* Mr. Cohen has noted "There is no secret that our interest is not just in selling spectrum This is a strategic asset to enable us to develop a complete wireless strategy. When our Plan A of building our own network didn't work out, we still planned to leverage this valuable asset to help us strategically. That's what the Verizon deal gives us." Marguerite Reardon, *Verizon Exec Criticizes FCC's Handling of SpectrumCo Deal*, CNET (June 7, 2012), http://news.cnet.com/8301-1035_3-57449257-94/verizon-exec-criticizes-fccs-handling-of-spectrumco-deal/.

¹⁹ [BEGIN HIGHLY CONFIDENTIAL] CONFIDENTIAL]

[END HIGHLY

[END HIGHLY CONFIDENTIAL]



¹⁷ [BEGIN HIGHLY CONFIDENTIAL]

²⁰ [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL] These provisions make crystal clear what Petitioners and other parties have long suspected: the agency, resale, and JOE agreements are intimately connected to and contingent on the license transfer.

The Nucleus of the Cartel: The Joint Operating Entity Agreement

Purpose of the JOE

CONFIDENTIAL]

The Applicants' discussions in forming the JOE demonstrate that they intended the JOE to be a [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY

CONFIDENTIAL] Although this paper will focus on the JOE's competitive impact by virtue of being the Applicants' exclusive vehicle to integrate wireless and wireline technologies, it is important to remember that the JOE is legally capable of acting in areas far beyond this.

Practically speaking, the JOE is intended to give its Members control over the *de facto* standards for the next generation of fundamental technology for broadband, video, and voice service providers. The JOE also functions to insulate its Members from competition from their fellow Members. Comcast has an incentive to protect itself from competition from wireless communications against its wireline network. Verizon Wireless has an incentive to accept declining revenues for voice and messaging services in return for increased and sustained mobile data usage, which brings in higher revenues for the company.

²¹ [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]
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²³ [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]
²⁴ [BEGIN HIGHLY CONFIDENTIAL]	
	[END HIGHLY
CONFIDENTIAL]	
²⁵ [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY
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²⁶ [BEGIN HIGHLY CONFIDENTIAL]	
	[END HIGHLY

The documents produced by the Applicants reveal that both Verizon and the MSOs were concerned about [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY

CONFIDENTIAL]

The full impact of the anticompetitive harms of the JOE can only be understood when analyzed in the context of the other commercial agreements that the parties negotiated and agreed upon simultaneously, as the agreements [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL] and are mutually dependent. By seeking a way to cease competing with each other and stifle or co-opt new competitors, the Applicants have created a series of agreements that act together to cause a host of short-term and long-term harms for consumers. In the near term, the agreements will lead to price-fixing, market allocation, exclusive joint marketing agreements, and agreements not to compete. Over the longer term, the agreements foreclose companies from developing competing technologies in the same field as those of the JOE, and insulate the Applicants from competition from each other and from third parties that may ever need to license intellectual property from the JOE or its Members, or desire to partner with one of the JOE's members or licensees.

Sharing Information Between Competitors

The JOE Agreement [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

On a general level, the JOE Agreement requires [BEGIN HIGHLY CONFIDENTIAL]

[END

HIGHLY CONFIDENTIAL

[END HIGHLY CONFIDENTIAL]

²⁸ [BEGIN HIGHLY CONFIDENTIAL]

²⁹ [BEGIN HIGHLY CONFIDENTIAL] CONFIDENTIAL]

³⁰ [BEGIN HIGHLY CONFIDENTIAL]

³¹ [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]
[END HIGHLY CONFIDENTIAL]



²⁷ [BEGIN HIGHLY CONFIDENTIAL]

The Members of the JOE also [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

The JOE Members must [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

[BEGIN HIGHLY CONFIDENTIAL]

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The JOE must also [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]



³² [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

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³⁶ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

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[END HIGHLY

CONFIDENTIAL]

Finally, if an MSO [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

³⁷ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL] ³⁸ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL] ³⁹ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL] ⁴⁰ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL ⁴¹ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL] ⁴² [BEGIN HIGHLY CONFIDENTIAL] **END HIGHLY** CONFIDENTIAL] ⁴³ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL] ⁴⁴ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

Restrictions on Members

The JOE Agreement establishes that the JOE [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

Exclusivity

The Applicants have agreed that the JOE will be [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

This reading of the JOE Agreement is confirmed by [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY

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Additionally, [BEGIN HIGHLY CONFIDENTIAL]

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[BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

The JOE Agreement also calls for [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

If a JOE Member [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

⁵³ [BEGIN HIGHLY CONFIDENTIAL] **END HIGHLY** CONFIDENTIAL]

⁵⁴ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL] ⁵⁵ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

⁵⁶ [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

⁵⁷ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL] ⁵⁸ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

⁵⁹ See U.S. Dep't of Justice & Fed. Trade Comm'n, Antitrust Enforcement and Intellectual Property Rights: Promoting Innovation and Competition (2007), at 33, available at http://www.usdoj.gov/atr/public/hearings/ip/222655.pdf.



Additionally, as discussed above, [BEGIN HIGHLY CONFIDENTIAL]

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[BEGIN HIGHLY CONFIDENTIAL] CONFIDENTIAL]

[END HIGHLY

The JOE limits [BEGIN HIGHLY CONFIDENTIAL]

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⁶⁹ [BEGIN HIGHLY CONFIDENTIAL]

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Restrictions on [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY **CONFIDENTIAL**]

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Notably, neither Verizon Wireless nor the MSO JOE Members may [BEGIN HIGHLY **CONFIDENTIAL**

[END HIGHLY CONFIDENTIAL]

⁷⁸ [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

⁷⁹ [BEGIN HIGHLY CONFIDENTIAL]

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[END HIGHLY

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TEND

[BEGIN HIGHLY CONFIDENTIAL]

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This requirement threatens competition in three ways. [BEGIN HIGHLY CONFIDENTIAL]

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[END HIGHLY

Under the agency agreements between Verizon Wireless and the individual MSOs, Verizon Wireless will [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL] Verizon

Wireless may not, [BEGIN HIGHLY CONFIDENTIAL]

82 [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

83 [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

⁸⁴ [BEGIN HIGHLY CONFIDENTIAL] HIGHLY CONFIDENTIAL]

END

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⁸⁶ [BEGIN HIGHLY CONFIDENTIAL] CONFIDENTIAL]

[END HIGHLY



[END HIGHLY CONFIDENTIAL]

Verizon Wireless and the MSOs must also [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY

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Punishment for [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

[BEGIN HIGHLY CONFIDENTIAL]

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This provision gives the JOE enormous leverage over its licensees by [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

Restrictions on [BEGIN HIGHLY CONFIDENTIAL] CONFIDENTIAL]

[END HIGHLY

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[END HIGHLY CONFIDENTIAL]

This provision extends the JOE's and its Members' leverage over licensees [BEGIN HIGHLY CONFIDENTIAL]

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[END

[BEGIN HIGHLY CONFIDENTIAL] CONFIDENTIAL]

[END HIGHLY

The JOE is controlled by [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

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The Board's Authority

The Board has [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

The Board has [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

The Board also has authority to [BEGIN HIGHLY CONFIDENTIAL]

102 [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]
¹⁰³ [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]
¹⁰⁴ [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]
¹⁰⁵ [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]
¹⁰⁶ [BEGIN HIGHLY CONFIDENTIAL] CONFIDENTIAL]	[END HIGHLY
¹⁰⁷ [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]
108 [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]
109 [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]
¹¹⁰ [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]
111 [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

Members' Role

[BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

The JOE Members [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

The Board may require [BEGIN HIGHLY CONFIDENTIAL]

112 [BEGIN HIGHLY CONFIDENTIAL]
113 [BEGIN HIGHLY CONFIDENTIAL]
114 [BEGIN HIGHLY CONFIDENTIAL]
115 [BEGIN HIGHLY CONFIDENTIAL]
116 [BEGIN HIGHLY CONFIDENTIAL]
117 [BEGIN HIGHLY CONFIDENTIAL]
118 [BEGIN HIGHLY CONFIDENTIAL]
119 [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]



[END HIGHLY

CONFIDENTIAL]

Restrictions on [BEGIN HIGHLY CONFIDENTIAL] HIGHLY CONFIDENTIAL]

[END

The JOE's Members are prohibited from [BEGIN HIGHLY CONFIDENTIAL]

[END

HIGHLY CONFIDENTIAL]

[BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

If the JOE [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY

CONFIDENTIAL]

[BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

Yet another compelling reason that the JOE cannot stand is that, even if [BEGIN HIGHLY CONFIDENTIAL]

[BEGIN HIGHLY CONFIDENTIAL]

[BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

[BEGIN HIGHLY CONFIDENTIAL]

120 [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]
121 [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]
122 [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]
123 [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]
124 [BEGIN HIGHLY CONFIDENTIAL]	[END HIGHLY CONFIDENTIAL]

[END

HIGHLY CONFIDENTIAL]

[BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

[BEGIN HIGHLY CONFIDENTIAL]

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[BEGIN HIGHLY CONFIDENTIAL]

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[END HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

[BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL	125 [BEGIN HIGHLY CONFIDENTIAL]
[END HIGHLY CONFIDENTIA]	126 [BEGIN HIGHLY CONFIDENTIAL]
[END HIGHLY CONFIDENTIAL]	127 [BEGIN HIGHLY CONFIDENTIAL]
[END HIGHLY CONFIDENTIAL]	128 [BEGIN HIGHLY CONFIDENTIAL]
[END HIGHLY CONFIDENTIAL]	129 [BEGIN HIGHLY CONFIDENTIAL]
[END HIGHLY CONFIDENTIAL]	130 [BEGIN HIGHLY CONFIDENTIAL]
[END HIGHLY CONFIDENTIA]	131 [BEGIN HIGHLY CONFIDENTIAL]
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[END HIGHLY CONFIDENTIAL]	133 [BEGIN HIGHLY CONFIDENTIAL]

[BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

[BEGIN HIGHLY CONFIDENTIAL] **CONFIDENTIAL**

END HIGHLY

[BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

[BEGIN HIGHLY CONFIDENTIAL] [BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

[END

HIGHLY CONFIDENTIAL]

[BEGIN HIGHLY CONFIDENTIAL]

¹³⁴ [BEGIN HIGHLY CONFIDENTIAL]

¹³⁵ [BEGIN HIGHLY CONFIDENTIAL]

¹³⁶ [BEGIN HIGHLY CONFIDENTIAL]

¹³⁷ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]



[END HIGHLY CONFIDENTIAL]

Conclusion

The JOE is at the center of a structure that stifles competition between its members and from third parties, and by its own terms requires its members to behave as a cartel. These agreements pose serious threats to the future of the development and delivery of voice, video, and data service over wireline and wireless networks.

¹³⁸ [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL]

